

# THE WAXMAN LITERARY AGENCY

May 15, 2012

RECEIVED *Kmw*

MAY 22 REC'D 2012

LITIGATION III, ANTITRUST DIV.  
U.S. DEPT OF JUSTICE

John R. Read  
Chief, Litigation III Section  
United States Department of Justice  
450 5th St NW  
Suite 4000  
Washington DC 20530

Dear Mr. Read,

On behalf of Waxman Literary Agency and Diversion Books I would like to voice our serious concern over the DOJ's aggressive stance against the major publishing houses in New York. From where we sit, the publishers have tried to protect themselves against the major disruption in their business model brought on by the rise of e-books. Amazon is the major perpetrator of this disruption. Beginning in 2007, in order to build an audience for Kindle, they began selling e-books at a steep discount. Without consulting the publishers, Amazon created an artificial e-book price point of \$9.99 for the newest hardcovers, books which publishers were pricing at roughly \$25 in hardcover. This was a move that frightened the publishers as it suggested a future threat to their lifeblood. John Sargent, realizing something needed to be done, devised the idea of agency pricing which gave the power of pricing to the publishers for the first time. Some of the other publishers followed suit. I have no knowledge of the logistics of these decisions but they made total sense to anyone in the industry as a necessary step in the protection of Authors' content from the predatory pricing strategy of Amazon.

I am not convinced that customers have been injured in any way whatsoever by the agency pricing model. These e-book price points are still less than half of the physical book price in hardcover. There might have been a psychological adjustment from \$9.99 to \$12.99 but again that is due to the artificial price point of \$9.99 created by Amazon to promote e-reading for the Kindle devices.

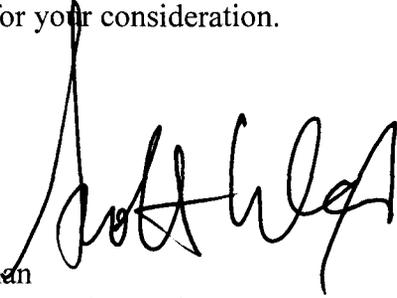
There have been other aggressive moves against the publishers from Amazon. Recently they have raised their price for coop merchandising on the site up to 300%, making it harder for the

80 Fifth Avenue, Suite 1101  
New York, NY 10011  
Tel (212) 675-5556  
Fax (212) 675-1381

publishers to afford selling books there. I think it is also important to note that other areas of Amazon's business practices, particularly their initiatives into publishing authors directly through their various divisions and imprints suggest that their primary objective is to cause injury to the publishers. Once they are able to both publish a significant roster of authors and sell their books directly to the readers, there will be little reason for traditional publishers to exist.

So, the victim here is definitely not Amazon. Nor is it the consumer. The victims here are the traditional publishing houses who are attempting to remain competitive against a behemoth which has significantly more resources and little desire to be a partner in the future of publishing.

Thank you for your consideration.



Scott Waxman  
*Waxman Literary Agency | Diversion Publishing Corp.*  
80 Fifth Ave, Ste. 1101  
New York, NY 10011  
Waxman: 212.675.5556  
Diversion: 212-961-6390 ext 1

[www.waxmanagency.com](http://www.waxmanagency.com)  
[www.diversionbooks.com](http://www.diversionbooks.com)

[Follow us on Twitter](#)  
[Like us on Facebook](#)